



January 29, 2016

HOUSE BILL No. 1110

DIGEST OF HB 1110 (Updated January 27, 2016 5:20 pm - DI 58)

Citations Affected: IC 6-3.6.

Synopsis: Local income tax distributions. Provides that if the budget agency determines that the balance in a county's local income tax trust account exceeds 15% (rather than 50%, under current law) of the certified distributions to be made to the county in the ensuing year, the budget agency shall make a supplemental distribution to the county. Specifies the accounting for supplemental distributions. Requires the budget agency, in May 2016, to make a one-time special distribution from a county's local income tax trust account equal to 88% of the balance in the county's trust account on December 31, 2014. Allocates the special distribution among taxing units in the same way as certified distributions and requires a taxing unit to deposit the amount it receives in its rainy day fund (except for that part attributable to a special project rate).

Effective: Upon passage; July 1, 2016.

**Huston, Brown T, Schaibley,
Smith M**

January 7, 2016, read first time and referred to Committee on Ways and Means.
January 28, 2016, amended, reported — Do Pass.

HB 1110—LS 6323/DI 58



January 29, 2016

Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1110

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-3.6-9-15, AS ADDED BY P.L.243-2015,
2 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2016]: Sec. 15. (a) If the budget agency determines that the
4 balance in a county trust account exceeds ~~fifty~~ **fifteen** percent (~~50%~~
5 **(15%)**) of the certified distributions to be made to the county in the
6 ensuing year, the budget agency shall make a supplemental distribution
7 to the county from the county's ~~special trust~~ **trust** account.
8 (b) A supplemental distribution described in subsection (a) must be:
9 (1) made in January of the ensuing calendar year; and
10 (2) allocated in the same manner as certified distributions for
11 deposit in a civil unit's rainy day fund established under
12 IC 36-1-8-5.1. However, the part of a supplemental distribution
13 that is attributable to an additional rate authorized under this
14 article:
15 (A) shall be used for the purpose specified in the statute
16 authorizing the additional rate; and
17 (B) is not required to be deposited in the unit's rainy day fund.

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(c) The amount of ~~the~~ **a supplemental distribution described in subsection (a)** is equal to the amount by which:

(1) the balance in the county trust account; **minus**

(2) **any supplemental distribution made in the determination year or made in the year before the determination year, or both;**

exceeds ~~fifty~~ **fifteen** percent ~~(50%)~~ **(15%)** of the certified distributions to be made to the county in the ensuing year.

~~(c)~~ **(d)** Any income earned on money held in a trust account established for a county under this chapter shall be deposited in that trust account.

~~(d)~~ **(e)** A determination under this section must be made before November 2.

SECTION 2. IC 6-3.6-9-17 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 17. (a) This section refers to a county's trust account maintained under the former local income tax laws set forth in IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7.**

(b) The budget agency shall make a one-time special distribution before May 1, 2016, to each county having a positive balance in the county's trust account on December 31, 2014.

(c) The amount of the special distribution from a county's trust account is eighty-eight percent (88%) of the balance in the county's trust account on December 31, 2014, as determined by the budget agency.

(d) The amount of the special distribution for each taxing unit in the county shall be allocated in the same manner as certified distributions. The amount received by a taxing unit shall be deposited in the unit's rainy day fund established under IC 36-1-8-5.1. However, the part of a special distribution that is attributable to an additional rate authorized under this article:

(1) shall be used for the purpose specified in the statute authorizing the additional rate; and

(2) is not required to be deposited in the taxing unit's rainy day fund.

(e) Before May 15, 2016, the office of management and budget and the department of local government finance shall jointly determine and provide to the county auditor a taxing unit allocation of the special distribution made to the county under this section.

(f) Before June 1, 2016, the county auditor shall distribute to each taxing unit an amount equal to the allocation amount



- 1 determined under subsection (e).
2 (g) For purposes of section 15 of this chapter after June 30,
3 2016, the special distribution shall be deducted from a county's
4 trust account when the budget agency determines the balance in
5 the county's trust account under both section 15(a) and 15(c) of this
6 chapter.
7 (h) This section expires July 1, 2020.
8 SECTION 3. An emergency is declared for this act.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1110, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 4, delete "twenty-five" and insert "**fifteen**".

Page 1, line 5, delete "(25%)" and insert "**(15%)**".

Page 1, line 7, strike "special" and insert "**trust**".

Page 2, line 1, beginning with "The" begin a new paragraph and insert "**(c)**".

Page 2, line 1, after "of" strike "the" and insert "**a**".

Page 2, line 1, after "distribution" insert "**described in subsection (a)**".

Page 2, line 2, after "which" insert ":

(1)".

Page 2, line 2, after "account" insert "; **minus**

(2) any supplemental distribution made in the determination year or made in the year before the determination year, or both;".

Page 2, line 2, beginning with "exceeds" begin a new line blocked left.

Page 2, line 2, delete "twenty-five" and insert "**fifteen**".

Page 2, line 3, delete "(25%)" and insert "**(15%)**".

Page 2, line 5, strike "(c)" and insert "**(d)**".

Page 2, line 7, strike "(d)" and insert "**(e)**".

Page 2, after line 8, begin a new paragraph and insert:

"SECTION 2. IC 6-3.6-9-17 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 17. (a) This section refers to a county's trust account maintained under the former local income tax laws set forth in IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7.**

(b) The budget agency shall make a one-time special distribution before May 1, 2016, to each county having a positive balance in the county's trust account on December 31, 2014.

(c) The amount of the special distribution from a county's trust account is eighty-eight percent (88%) of the balance in the county's trust account on December 31, 2014, as determined by the budget agency.

(d) The amount of the special distribution for each taxing unit in the county shall be allocated in the same manner as certified distributions. The amount received by a taxing unit shall be



deposited in the unit's rainy day fund established under IC 36-1-8-5.1. However, the part of a special distribution that is attributable to an additional rate authorized under this article:

- (1) shall be used for the purpose specified in the statute authorizing the additional rate; and
- (2) is not required to be deposited in the taxing unit's rainy day fund.

(e) Before May 15, 2016, the office of management and budget and the department of local government finance shall jointly determine and provide to the county auditor a taxing unit allocation of the special distribution made to the county under this section.

(f) Before June 1, 2016, the county auditor shall distribute to each taxing unit an amount equal to the allocation amount determined under subsection (e).

(g) For purposes of section 15 of this chapter after June 30, 2016, the special distribution shall be deducted from a county's trust account when the budget agency determines the balance in the county's trust account under both section 15(a) and 15(c) of this chapter.

(h) This section expires July 1, 2020.

SECTION 3. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1110 as introduced.)

BROWN T

Committee Vote: yeas 17, nays 0.

